

**Statement of Scott Savitz  
Chief Executive Officer  
Shoebuy.com  
Before the  
Subcommittee on Telecommunications and the Internet  
Committee on Energy and Commerce  
United States House of Representatives  
Hearing to consider H.R. 5353, the Committee Print on the  
Internet Preservation Act of 2008  
May 6, 2008**

Good morning Chairman Markey, Mr. Upton and members of the Subcommittee. My name is Scott Savitz. I am the Chief Executive Officer of Shoebuy.com, which is proudly headquartered in Boston, Massachusetts. Shoebuy is part of the IAC family of businesses. IAC is the New York City headquartered Internet company which has grown in recent years to own and operate over 60 brands including Ask.com, Match.com, Citysearch, Evite, ServiceMagic, CollegeHumor, RushmoreDrive.com, Zwinky and many others.

Thank you for inviting me here today to share our company's story and to discuss the importance of preserving an open Internet and its implications for future entrepreneurship and innovation.

**I. INTRODUCTION**

Mr. Chairman, the Internet is a major growth engine for the overall economy and continues to empower individuals and propel innovation. In a slowing economic environment, online retailing continues to look strong and has to date been an impressive growth story. Excluding online travel, online sales grew 21% last year to \$175 billion and are projected to total \$204 billion in

2008. One million companies worldwide now rely on the Internet economy for more than 50% of their revenue. It's the universality and openness of the Internet that's made such growth possible.

I can tell you first hand that my business fundamentally depends on an open Internet. We rely on consumers having unfettered access to our site and for us to be able to reach consumers whenever and wherever they live.

We must, therefore, preserve consumers' rights to access content and services on a non-discriminatory basis, without interference from network operators. What's at stake in the net neutrality debate is nothing less than the future growth of the Internet economy, innovation, entrepreneurship and consumer choice.

## II. SHOEBUY.COM: ENTREPRENEURSHIP WITHOUT PERMISSION

Mr. Chairman, in April of 1999, we launched Shoebuy.com, which is now one of the world's largest sites for shoes. Our initial business plan and strategy would have been quite different had there not been an open Internet. In a world where network operators would function as gatekeepers, we would have faced the prospect of first negotiating to buy access to consumers, much as cable channels have had to run the gauntlet to gain carriage. So instead of having to spend capital early on to simply gain access to consumers, we were able to quickly bring a better mousetrap to the market by relying on hard work, savvy marketing, fiscal prudence, and a certain amount of luck.

At the heart of our success is Shoebuy's focus on providing the best in class experience for the customer. Through dedication to the customer and our ability to keep marketing and overhead costs low, we have been able to offer consumers the most popular brands available anywhere, at great prices, with free shipping and returns.

With this concept and our dedication to the customer experience, Shoebuy has continued to grow and prosper. Shoebuy currently has over 4.5 million visitors per month, and what started off as just four people working out of a 200 square foot office, today employs 140 Bostonians.

We have grown our business to include partnerships with over 500 brands representing 600,000 products, or what equates to \$3 billion in inventory available for purchase. This is the equivalent of putting over 15,000 shoe stores within the reach of each consumer visiting Shoebuy.com. To give you a more vivid example, we now offer enough footwear to outfit the entire population of Massachusetts.

As part of our commitment to consumers, we continue to innovate and improve our offerings and capabilities. Notably, Hitwise reported that Shoebuy is one of the Internet's Top Ten most visited apparel and accessory shopping sites. We were recognized by eTail as the "#1 etailer" for fulfillment at 99.6%, with an average ship time (out the door) of 1.3 days. And Shoebuy was lauded by BizRate as one of the top eTailers in the country for outstanding service -- one of only three companies to win this award five years in a row. We continue to look

for ways to provide customers a better experience, better service and better prices.

However, Mr. Chairman, without an open and neutral platform on which to innovate, where consumers' needs and demands are paramount, our business may not have flourished or even begun. We rely on the Internet to enable our customers to access the Shoebuy site independent of barriers or gatekeepers. Shoebuy collaborates with an assortment of marketing partners, which includes very large advertising and media companies as well as thousands of small marketing affiliates.

Our partners likewise depend on the Internet to remain a free flowing medium. Each is integrated virtually with Shoebuy over the Internet and needs open access to continue the creativity and innovation behind their endeavors. Similarly, the Internet serves as a mediating platform to bring together product and other content from a diverse mix of over 500 brand partners, ranging from global corporations to small entrepreneurial ventures. An open Internet allows these diverse partners to seamlessly work with Shoebuy in serving customers.

Our customers, similarly, have every right to expect to be able to reach our store. Consumers pay for broadband access and should be free to choose the lawful content and services they want. Shoebuy and its colleague companies, likewise, pay network operators millions of dollars a year for Internet access proportionate to the amount of traffic coming to their sites. So to suggest that Internet companies are free riding on other's investments is simply

belied by the facts. To the contrary, it is because of the vast investment made in the incredible array of content and services offered online that consumers are enticed to purchase broadband access in the first place.

Ultimately, a consumer's enjoyment of the Internet has been, and should remain, based on their choice, not the consequence of a deal that a website makes with a network operator to receive enhanced treatment or prioritization.

If this is permitted, future entrepreneurs cannot be assured of having the same opportunity to do what we did in that 200 square foot office in Boston. Net neutrality, from my perspective, as someone who has been the "little guy" with the idea in 1999, to the CEO of one of the fastest growing Internet retailing sites, comes down to protecting innovation, opportunity and consumer choice.

### III. CONCLUSION

Maintaining an open Internet that rewards innovation and entrepreneurship is essential to stimulating economic growth and for our ability to compete in international markets. If it were not for this type of open platform, Shoebuy would have been even further challenged in its efforts to emerge nine years ago. We might not exist today had it not been for some basic non-discrimination principles, and we would certainly not have been able to compete as we have against some of the largest retailers in the shoe industry. With the Internet as a frictionless space for connectivity, Shoebuy is able to bring maximum efficiency to streamlining supply chains and to satisfying the needs of its customers.

I want to thank the Chairman and Representative Pickering for their leadership in introducing H.R. 5353, the "Internet Freedom Preservation Act." It is my understanding that this legislation codifies a policy of promoting openness, competition and innovation for consumers on the Internet. Certainly, these are the very qualities that have allowed Shoebuy to reach a worldwide marketplace in only a few short years. My colleagues at IAC and I look forward to continuing to work with Congress and the FCC to ensure we preserve an open Internet. Thank you.

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